

October 26, 2018

**VIA ELECTRONIC FILING**

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, DC 20554

**Re: Applications of T-Mobile US, Inc. and Sprint Corporation, WT Docket No. 18-197**

Dear Ms. Dortch,

Please find the following pieces from some of the nation's leading editorial boards in support of the T-Mobile-Sprint transaction.

As an analyst and advisor to T-Mobile, I have reviewed with interest the reaction to the proposed merger with Sprint from market observers who don't typically participate formally in FCC proceedings. The attached editorials, and their arguments, articulate the benefits this transaction will bring to consumers around the United States through increased competition, economic growth, 5G technology, and better wireless and broadband services. Accordingly, I request the attached public documents be included in the formal record of this proceeding.

The T-Mobile-Sprint transaction is poised to create a stronger, more formidable competitor in our nation's wireless market that will put newfound pressure on Verizon and AT&T. T-Mobile has a phenomenal existing track record of disruption in our nation's wireless market and is poised to continue doing so after the successful completion of this transaction. The combined company will possess the scale and investment capabilities needed to build and launch the nation's first truly countrywide 5G network. A 5G network that will catalyze economic growth in both small towns and big cities as Americans see faster speeds and better connectivity.

Right now, our foreign competitors, like China and South Korea, are in the midst of their own 5G revolutions and understand the seriousness of winning the global race to 5G. It is critical the United States wins the global race to 5G and the success of this transaction is essential to ensuring we get there.

T-Mobile, through the successful completion of this transaction, is poised to build our nation's first nationwide 5G network, create American jobs for decades to come, and increase competition in the wireless and broadband markets. This transaction is a win for the American people and should be approved by the Federal Communications Commission.

Please feel free to contact me with any questions.

Respectfully submitted,

/s/ [John Kneuer]

John Kneuer  
JKC, LLC  
1800 M Street NW  
Suite 500 South Tower  
Washington, DC 20036

Attachment

cc: (via email)

Chairman Ajit Pai  
Commissioner Michael O’Rielly  
Commissioner Brendan Carr  
Commissioner Jessica Rosenworcel

## **SEATTLE TIMES: Region's Leaders Should Embrace T-Mobile/Sprint Merger**

**By: Editorial Board, April 30, 2018**

<https://www.seattletimes.com/opinion/editorials/regions-leaders-should-embrace-t-mobile-sprint-merger/>

The blockbuster merger between T-Mobile US and Sprint should bring tremendous benefits to the Puget Sound region and deserves strong support.

Bellevue, where T-Mobile now employs around 5,500 people, will be the primary headquarters of the combined companies, they announced Sunday.

That decision sends a strong message that, despite growth challenges and Amazon's wandering eye, the greater Puget Sound region remains an outstanding place to build and grow world-class, cutting-edge companies.

It's also a reminder of the region's historic role in creating the wireless industry. Local entrepreneurs started companies that became AT&T Wireless and T-Mobile, two of the nation's three largest wireless companies.

Looking forward, the merger positions T-Mobile to be a contender in the next wave of wireless innovation. The company plans to invest \$40 billion over three years as it races to lead deployment of 5G, or fifth-generation, network technology.

Some jobs will be lost as overlapping positions are eliminated. It's unclear how many jobs will be affected in Bellevue and at Sprint's headquarters near Kansas City.

Bellevue should fare better, though, according to industry analyst Chetan Sharma, because T-Mobile will retain operating power of the company.

Greater benefits should come longer term, assuming the merger is approved by regulators, T-Mobile succeeds and the region continues supporting innovative, job-creating companies. The latter should be a priority for regional and state officials, to counter negative sentiment emanating from Seattle politicians.

T-Mobile's 5G investments on the combined spectrum from Sprint should spur a new cycle of job creation. Sharma said T-Mobile may acquire complementary startups as it proceeds, and may also spin off new ventures.

Because the merger gives T-Mobile scale comparable to AT&T and Verizon, and a stronger enterprise business, the Bellevue company may attract new industry alliances in sectors such as connected transportation, Sharma said.

Other companies in the wireless ecosystem will have more incentive to locate offices near T-Mobile as they partner with the company and draw on its cluster of 5G expertise.

Things could have gone the other way. In 2014 Sprint was the larger company trying to acquire T-Mobile. At the time Sprint was shuttering another Bellevue company it acquired, Clearwire, which previously had 1,700 employees.

Then the team in Bellevue out-innovated Sprint. It rapidly boosted its 4G network and upended the industry with bold marketing and pricing strategies. T-Mobile became the acquirer.

A merger was inevitable. Both companies need more scale to compete with Verizon and AT&T and with cable companies they will challenge with 5G broadband.

State and regional policymakers should support this merger as the best possible outcome. It will advance the region's technology leadership and should create more jobs and opportunity.

## **USA TODAY: Let T-Mobile And Sprint Link Up**

**By: Editorial Board, May 1, 2018**

<https://www.usatoday.com/story/opinion/2018/05/01/let-t-mobile-and-sprint-link-up-editorials-debates/569105002/>

For the third time in four years, T-Mobile and Sprint have decided to try to link up, creating a wireless combo designed to compete more vigorously with Verizon and AT&T.

The first effort ended in 2014, thanks to opposition from Obama administration anti-trust enforcers. The second ended last fall, before it was formally announced, when the two companies couldn't agree on who would control the combined company.

Maybe the third time is the charm, as they say. The two sides have agreed that T-Mobile will be the new name, and that its management will run the place. And they hope their emphasis on building out a 5G network will sell well in a Trump administration that has made 5G a priority.

The first thing to say about this proposed merger is that it is more troublesome than the AT&T-Time Warner deal that the Justice Department is trying to thwart, apparently to curry favor with President Trump, who dislikes Time Warner's CNN unit.

Unlike that "vertical" merger, involving a distribution platform and a digital content company, this "horizontal" merger involves two companies in the same field of wireless telecommunications.

The second thing to say about the T-Mobile-Sprint merger is that it should be approved. While it would reduce the number of cellphone providers, it would still leave three major players.

It fact, it would create a third major player out of two also-rans. Combined, the two companies would have about 100 million customers, roughly the same size as Verizon and AT&T.

Both T-Mobile and Sprint have said that they would plow ahead with 5G separately. But they are much smaller than their main competitors, and Sprint is loaded with debt.

Only by combining would there be a third player with the scale and resources to compete effectively in 5G, which requires a huge investment in technology and an even bigger commitment to winning over local opposition.

Critics raise a number of objections to the merger but generally fall back on the argument that all mergers are bad.

Some anti-trust experts point to how the wireless industry is already concentrated, according to a metric known as the Herfindahl-Hirschman Index, and would increase further with the merger. But this is something of a self-fulfilling argument. The index does not recognize that mergers among second-tier players can actually boost competition.

The approval process in this case is a minefield, something suggested by the sell-off in Sprint and T-mobile stocks Monday and Tuesday on the belief the deal might not go through.

The Justice Department will have to approve it, squaring its decision with its inexplicable decisions to fight the AT&T-Time Warner deal. The Federal Communications Commission will also have to give it the green light. And, because Sprint is largely owned by Japan's SoftBank and T-Mobile is owned by Germany's Deutsche Telekom, it could come under review by an interdepartmental panel that weighs the national security implications of mergers.

In the final analysis, there is no good reason to block this merger, one of the few such deals that could actually increase competition.

## **WALL STREET JOURNAL: When T-Mobile Met Sprint**

**By: Editorial Board, April 30, 2018**

<https://www.wsj.com/articles/when-t-mobile-met-sprint-1525129324>

On-again-off-again wireless couple Sprint and T-Mobile have agreed to a \$26 billion merger, which by all indications would benefit customers and promote competition. Regulators broke up the union four years ago, but the Trump Administration should give its blessing.

The T-Mobile-Sprint deal would unite the U.S.'s third and fourth largest wireless carriers. With 100 million customers, the combined company would be able to go toe-to-toe with Verizon Wireless (116 million) and AT&T (93 million). Their combined LTE networks would cover 96% of the U.S. population, which is slightly less than Verizon and AT&T.

We're always skeptical about claims of savings from "synergies"—\$6 billion in this case—but there's no doubt T-Mobile and Sprint possess complementary spectrum. While Sprint has loads of high-band spectrum that can carry more data at faster speeds, T-Mobile has been amassing low-band spectrum that covers large geographic areas and penetrates buildings.

Unable to compete with Verizon Wireless and AT&T on coverage, Sprint and T-Mobile have tried to expand their market share by slashing prices and offering unlimited data plans. But lo, Verizon and AT&T have followed. In 2016 wireless prices fell by 13%.

Declining prices are great for consumers, but it's unlikely Sprint and T-Mobile over time will be able to maintain customer subsidies and build out their networks. The two companies have racked up \$60 billion in debt and will struggle to survive on their own in the looming 5G era, which will require huge capital investments.

Sprint and T-Mobile have allocated half as much on capital spending this year as Verizon and AT&T. Spectrum is expensive—T-Mobile spent \$8 billion acquiring more of the low-band type at the government's last auction—and will become even more valuable in the Internet of Things.

A T-Mobile-Sprint tie-up fell apart last fall because of disagreements between management over control, but the two sides have reached an amicable division of labor. The greater danger now is that government regulators will interfere in the union.

The Obama Justice Department blocked a merger between AT&T and T-Mobile in 2011, concluding that the broadband market needed at least four national players to be competitive. In 2014 the Obama Administration put the kibosh on a tie-up between T-Mobile and Sprint. And last year the Trump Justice Department sued to block AT&T's acquisition of Time Warner—the first vertical merger it has challenged in 40 years. A federal judge is expected to rule on the case soon.

Government regulators may try to take credit for increased wireless competition, but prices might not have fallen had Congress not impelled the Federal Communications Commission to auction off more spectrum in 2015 and 2017. Yet data download speeds on unlimited plans are often slow, and data may be restricted while roaming.

Consolidation in an industry with high fixed costs is probably inevitable but shouldn't worry regulators since the market is dynamic. Comcast has rolled out a wireless service with Verizon Wireless. AT&T intends to provide wireless service to homes. Dish Network has been hoarding spectrum that could be used for a proprietary network or in a partnership. A T-Mobile-Sprint condominium would make the market more competitive.



## **NEW YORK TIMES: T-Mobile And Sprint: How Fewer Competitors Could Increase Competition**

**By: Andrew Ross Sorkin, July 30, 2018**

<https://www.nytimes.com/2018/07/30/business/dealbook/t-mobile-sprint-merger-competition.html>

There has been no shortage of opinions about the proposed merger of T-Mobile and Sprint. Just about the only person who hasn't said something is President Trump.

As deafening as the president's uncharacteristic silence has been on a deal that would reshape the telecommunications and media landscape, everyone else seems to be saying the same thing: The deal should be blocked.

But those who cited the conventional wisdom this time may be wrong, including me.

When the deal was announced in April, the knee-jerk reaction — my own included — was to question whether the deal would reduce competition and should be rejected. That also seemed to be the first impulse of many others, with a bevy of opinion pieces questioning the deal.

In The New York Times alone, there was an opinion piece, "Letting Sprint and T-Mobile Merge Is a Terrible Idea," and an editorial, "The Implausible Promises of a T-Mobile-Sprint Merger." "Block the Call," The Economist wrote. Randall Stephenson, the chief executive of AT&T as it undertakes its own sector-shaking merger with Time Warner, said at a news conference that T-Mobile and Sprint would have a "tough hill to climb."

Investors, too, have been unconvinced the deal will go through, recalling that the government blocked AT&T's acquisition of T-Mobile on the grounds that it would have reduced the number of competitors. And even as recently as two years ago, officials at the Federal Communications Commission knocked a combination of T-Mobile and Sprint.

But there's a compelling alternative theory.

Poring through hundreds of pages of documents submitted to the government by the companies and transcripts of testimony in front of Congress makes it clear that going from four competitors to three — AT&T, Verizon and a combined T-Mobile-Sprint — wouldn't pose the problems that so many fear.

Every textbook would say that fewer competitors results in high prices. But if the Sprint-T-Mobile deal was given the green light, it would almost empirically create, at least in the short term, more competition for AT&T and Verizon, not less.

The entire premise of the deal is that by merging, the two weakest companies in the sector would be able to build out a meaningful 5G network, possibly even more quickly than AT&T and Verizon.

If T-Mobile and Sprint built out that network, the only way to make the math of the deal work would be to steal customers from AT&T and Verizon. The combined company would need to take millions of customers away from the big players. The only way to do that: lower prices. That's especially true now that companies like AT&T, thanks to its new Time Warner holdings, will be able to offer customers extra perks that customers of T-Mobile and Sprint won't be able to get.

John Legere, T-Mobile's chief executive, was questioned about pricing during congressional testimony in late June. He explained that he would "have every incentive from an economic and business perspective to lower prices to attract new customers and drive customer usage to fill its greatly increased and less expensive capacity."

Perhaps the more persuasive comment came from Sprint's chief executive, Marcelo Claure, who pointed out that little had changed for the better since his predecessor, Dan Hesse, testified before Congress seven years ago and voiced concerns about the proposed merger of T-Mobile and AT&T.

At the time, Mr. Claure told Congress, AT&T and Verizon controlled two-thirds of the market — the same share they control today.

"And they have increasingly found ways to use their scale to cement their advantages rather than to compete vigorously with others in the marketplace," he said. He punctuated his point by saying the market caps of AT&T and Verizon are each twice the size of a combined T-Mobile-Sprint.

In truth, today's wireless market is bifurcated between the haves and the have-nots. It's almost as if the telecommunication market were two markets. AT&T and Verizon serve the wealthier and business customers, and T-Mobile and Sprint serve more price-conscious consumers.

T-Mobile in particular has long been described as a "maverick" — that's a classic antitrust term for companies that are viewed as holding down prices in an industry, the way Southwest Airlines has long done. The worry has long been that the combined company would raise prices. But as logical as that sounds, it's likely to do the opposite.

Robert Bork, President Ronald Reagan's Supreme Court nominee in 1987, wrote a seminal book, "The Antitrust Paradox," which argued that it was possible for a market to go from four rivals to three and see economic competition go up.

Of course, it is possible that a price war could end with the three companies deciding to "rationalize" their pricing just the way the large airlines have. That is not a trivial issue. But many industries with three strong players — especially an industry that requires significant capital costs — turn out more competitive.

Antitrust concerns aren't the only hurdle, either. There is another that could be just as daunting: the Committee on Foreign Investment in the United States. Because T-Mobile is controlled by its German parent, Deutsche Telekom, and Sprint is controlled by Japan's SoftBank, it is possible

that the committee could claim that a merger poses a threat to national security. Lawmakers have raised security questions about the merger, citing connections between SoftBank and the Chinese device maker Huawei, which has been called a national security threat.

The committee has usually not blocked such deals, but the steel and aluminum tariffs demonstrate that the Trump administration has no qualms about invoking national security to intervene in the world of business.

And there is still the matter of the voice we haven't heard.

Mr. Trump has never been shy about publicly opining on headline-grabbing mergers. He was a vocal critic of AT&T's tie-up with Time Warner, he was a fan of Disney's acquisition of most of 21st Century Fox's assets, and he recently had harsh words for the government's blocking of Sinclair Broadcasting's deal to buy Tribune Media. ("Disgraceful!" he wrote on Twitter.)

So the president's silence on this one has led to hushed questions among a cadre of executives, bankers, lawyers and lobbyists who have blanketed Washington this summer trying to turn the ear of regulators and policymakers: What does he actually think? And, despite the White House's repeated insistence that Mr. Trump has no involvement in approving such deals, is he exerting any influence behind the scenes?

We will not know the president's position until he tells us. But perhaps the most important voice we've heard from so far has come from the head of the Justice Department's antitrust division, Makan Delrahim. He was asked directly in June about how many telecom companies there should be to have a competitive industry.

His answer? "I don't think there's any magical number that I'm smart enough to glean."

Absent a telling tweet from the president, that is as close as we've heard to a position from the government. And in this case, it sounds like the right answer.